

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 L-03 EB-11 COME-00 XMB-07

FAA-00 CIAE-00 INR-10 NSAE-00 RSC-01 RSR-01 /082 W

----- 064457

R 150710 Z MAY 73

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 9737

INFO AMEMBASSY BANGKOK

AMEMBASSY BEIRUT

AMEMBASSY LONDON

AMEMBASSY NEW DELHI

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E. O. 11652: N/ A

TAGS: BEXP, BGEN, ETRN, BG, UK

SUBJECT: BRITISH CARRIER MAY PROVIDE NORTHWEST BOEING
TO BANGLADESH BIMAN

REF: (A) DACCA 1881 (NOTAL; (B) DACCA 2155

BEIRUT FOR RCAA

SUMMARY: THOUGH IN BANGLADESH NO HERALDED BUSINESS DEAL EVER CERTAIN, PARTICULARLY IF FINANCING A QUESTION, BRITAIN'S TEMPLEWOOD AVAITION HAS APPARENTLY BEATEN OUT OTHER UK AND US COMPETITION (PAN AM, WORLD AIRWAYS) TO PROVIDE BANGLADESH BIMAN WITH BOEING SERVICE IT WANTS. TEMPLEWOOD'S \$7.8 MILLION DEAL REPORTEDLY WILL PROVIDE LEASED BOEING 707-321 FOR ABOUT SIX MONTHS, THEN SALE BOEING 707-320 C FROM NORTHWEST AIRLINES TO BB. TEMPLEWOOD/ NORTHWEST MAY REQUEST SOME EXIM FINANCING. BB SEEKING POOLING ARRANGEMENTS WITH BOAC AND THAI FOR LONDON (BEATING OUT AEROFLOT) AND BANGKOK ROUTES, RESPECTIVELY. TEMPLEWOOD MAY EXPLORE ARRANGEMENT WITH TWA FOD DACCA- NEW YORK EXCURSION FARE. BB NOT LIKELY TO JOIN IATA NOW.

1. EBOFF TALKED MAY 14 WITH ANONY H. GRIFFIN, MANAGING DIRECTOR,
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TEMPLEWOOD AVIATION INTERNATIONAL LTD., OF UK, AND CAPTAIN WILLIAM MACKENZIE, ALSO OF TEMPLEWOOD (NOT MCINTOSH, AS GIVEN IN PAN AM/ DACCA MESSAGE, COMMUNICATED REF B). GRIFFIN CONFIRMED REPORT WE HAD HEARD FROM LOCAL PAN AM REP THAT TEMPLEWOOD FINALLY WON LENGTHY, HARD- FOUGHT CAMPAIGN TO LEASE/ SELL BOEING TO BANGLADESH BIMAN (BB). GRIFFIN EXPECTED BDG WOULD SIGN CONTRACT BY MAY 15.

2. GRIFFIN SAID TOTAL CONTRACT IS FOR \$7.75 MILLION, OF WHICH ABOUT \$6.5 MILLION WILL GO TO US FOR PURCHASE OF BOEING 707-320 C FROM NORTHWEST AIRLINES, INC. AND FOR TRAINING BENGALIEE ENGINEERS AND POSSIBLY CREWS IN US. NORTHWEST TO DELIVER BOEING IN DECEMBER 1973. MEANWHILE, TEMPLEWOOD LEASING ITS OWN BOEING 707-321 TO BB AS OF JUNE 15, WITH FIRST DACCA- LONDON FLIGHTS TO BEGIN JUNE 17. TEMPLEWOOD' S LEASED PLANE WILL FLY BB FLAG, CARRY BB- BOOKED PASSENGERS AND FULFILL BB SCHEDULE. TEMPLEWOOD INITIALLY WILL PROVIDE CREW AND MAINTENANCE (AT LONDON END). WE UNDERSTAND TEMPLE- WOOD MAY TRAIN BENGALIEE FLIGHT CREWS DURING LEASE PERIOD AS WELL. GRIFFIN SAID PAYMENTS UNDER LEASE/ SALE CONTRACT WILL BE FOR EIGHT- YEAR PERIOD ON " VERY SOFT TERMS."

3. GRIFFIN SAID TEMPLEWOOD, WHICH HAS DEALT WITH NORTHWEST ON SIMILAR PURCHASE DEALS BEFORE, MUST PAY CASH TO NORTHWEST FOR BOEING. ADDED TEMPLEWOOD (WITH NORTHWEST?) WILL EXPLORE POSSIBILITY OF EXIM FINANCING ABOUT HALF OF BOEING' S COST, AGAINST BANK OF BANGLADESH GUARANTEE. EMBOFF CAUTIONED HIM THAT EXIM NOT CURRENTLY FAVORABLE TO FINANCING BANGLADESH PROJECTS. GRIFFIN NONETHELESS MODERATELY HOPEFUL. GRIFFIN DID NOT REVEAL ALTERNATE SOURCES OF FINANCING BUT SEEMED CONFIDENT THAT FINANCING NO OBSTACLE TO CON- CLUDING DEAL.

4. UNDER CONTRACT, SOME 45 BENGALIEE ENGINEERS WILL GO NEXT AUGUST FOR 3- MONTHS TRAINING WITH NORTHWEST IN MINNEAPOLIS. GRIFFIN DOES NOT EXPECT TO HAVE ANY EXPATRIATES STATIONED HERE DURING LEASE PERIOD BUT THOUGHT SOME AMERICAN ENGINEERS MIGHT COME FOR SIX- MONTH PERIOD WHEN PURCHASED PLANE ARRIVES.

5. GRIFFIN SAID BOAC AND OX NOW NEGOTIATING POOLING ARRANGEMENT FOR DACCA- ONDON ROUTE. THOUGHT THAT FARE WILL BE LOWERED SUBSTANTIALLY TO ABOUT 185 POUNDS STERLING ROUND TRIP WITH SIX MONTH STAY PERMITTED

. COMMENTED THAT AIM IS TO UNDERCUT AEROFLOT WHOSE CHEAP FARES (DACCA LIMITED OFFICIAL USE

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A-004, 1/22/73) HAVE REPORTEDLY WON IT ABOUT 60 PERCENT OF LUCRATIVE DACCA- LONDON MARKET. BB WILL LIKELY FLY DACCA- LONDON TWICE WEEKLY. GRIFFIN ALSO MENTIONED THAT TEMPLEWOOD MIGHT SEEK ARRANGE DEAL WITH TWA AND BB TO COME UP WITH LOWER NEW YORK- DACCA FARE TO COMPETE WITH PAN AM AND AIR INDIA EXCURSION FARES.

6. GRIFFIN ADDED THAT BB ALSO SEEKING POOLING ARRANGEMENT WITH THAI INTERNATIONAL FOR ONCE WEEKLY BB FLIGHT TO BANGKOK. EXPECTS BB' S EXCURSION FARE WILL REMAIN ABOUT THE SAME AS THAT' S OR POSSIBLY LOWER

. NOTED THAI NOW FLYING ABOUT 90 PERCENT CAPACITY ON DACCA- BANGKOK RUN, AND SOMETIMES BOOKING 110 PERCENT CAPACITY.

7. GRIFFIN COMMENTED THAT TEMPLEWOOD ENGAGED IN ELEVEN MONTHS INTENSIVE NEGOTIATIONS. HE HAS BEEN HERE MOST OF LAST 3 MONTHS; MACKENZIE OFF AND ON SINCE JULY. DEAL ALMOST CLINCHED THREE TIMES, MOST RECENTLY LAST MARCH, BUT EACH TIME BENGALLEES PROCRASTINATED (SEE DACCA 1154 TO LONDON, DEPT FOR ONE INSTANCE, STIMULATED BY WORLD AIRWAYS INTERVENTION). GRIFFIN NOTED THAT BANGLADESH HAS LOST OVER \$5 MILLION IN PAYMENTS TO FOREIGN CARRIERS DURING PAST YEAR, MUCH OF WHICH COULD HAVE GONE TO BB. SAID THAT BRITS HERE NOT TOO HAPPY TO SEE AMERICAN COMPANY (NORTHWEST) PROVIDE BOEING EVEN THROUGH BRITISH MEDIUM. (FYI WE HAVE HAD REPORT THAT BRITISH HIGH COMMISSION WORKED HARD TO PROMOTE LEARE- SALE FOR BRITISH FIRMS, TWO OF WHICH WERE CALEDONIAN AND MIDLAND. LATTER FIRMS MAY HAVE OFFERED BRITISH- OWNED AIRCRAFT. IT POSSIBLE UK/ HC UNAWARE UNTIL BITTER END THAT TEMPLEWOOD OFFERING SELL US- OWNED PLANE. END FYI)

8. GRIFFIN THOUGHT THAT BB WILL NOT JOIN IATA, AT LEAST NOT UNTIL ITS STANDARD OF SERVICES CAN BE IMPROVED. IT WILL, HOWEVER, LIKELY SEEK TO PARTICIPATE IN SOME OF IATA' S SUBSIDIARY SERVICES.

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FAA-00 CIAE-00 INR-10 NSAE-00 RSC-01 RSR-01 /082 W
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R 150710 Z MAY 73
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9. WITHOUT REVEALING SOURCE OR SENSITIVE DETAILS GRIFFIN'S STORY, DEPT MAY WISH INFORM WORLD AIRWAYS (REFTEL) THAT TEMPLEWOOD HAS APPARENTLY WON OUT. EMBASSY WILL INFORM ADDRESSEES AS SOON AS CONTRACT SIGNING ANNOUNCED . MAY 15 PRESS REPORT, GIVING BAREST DETAILS, SAID FORMAL AGREEMENT BETWEEN AIRWAYS MINISTRY AND " A BRITISH FIRM" EXPECTED TO BE SIGNED IN COUPLE DAYS.

10. WE HAVE HAD INDICATION FROM ANOTHER SOURCE THAT TEMPLEWOOD MAY, IN FACT, NOT HAVE SALE OF NORTHWEST BOEING IN BAG AT ALL AND THAT BDG NOT TOO CONCERNED SINCE ITS FOREIGN EXCHANGE SITUATION CURRENTLY PRECARIOUS. BENGALEES, ACCORDING THIS SOURCE, IMMEDIATELY CONCERNED ABOUT GETTING BANGLADESH FLAG CARRIER FLYING LONDON ROUTE AND HAVING LONDON TRAFFIC/ LANDING RIGHTS. TEMPLEWOOD' S SEEMING COMPLACENCY ABOUT FINANCING SALES PORTION OF DEAL MIGHT INDICATE TEMPLEWOOD HAPPY WITH LEASE PORTION AND NOT COUNTING ON HAVING TO FOLLOW THROUGH ON SALE.

11. AT ITS DISCRETION, DEPARTMENT REQUESTED CHECK WITH NORTHWEST WHETHER SALES DEAL ON TRACK AND WHETHER FINANCING IN FACT ARRANGED OR POSSIBLE. IF NORTHWEST NOT PROVIDING AIRCRAFT WOULD APPEAR SCOPE REMAINS FOR PAN AM OR WORLD AIRWAYS SELL BOEING TO BB. NEWBERRY

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 15 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973DACCA02175
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: DACCA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730543/aaaajdua.tel
Line Count: 205
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 DACCA 1881, 73 DACCA 2155
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 17 DEC 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Dec-2001 by shawdg>; APPROVED <08-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980211
Subject: BRITISH CARRIER MAY PROVIDE NORTHWEST BOEING TO BANGLADESH BIMAN
TAGS: BEXP, BGEN, ETRN, BG, UK, BGEN, ETRN
To: NEA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005